

III. Analysis of Market Potential

The purpose of this chapter is to present findings related to the evaluation of potential event utilization and mix of events for the Kingdome under specific operating and availability scenarios. As previously discussed, Scenario A assumes that the Kingdome operates with the Seahawks as the facility's only professional sports tenant while Scenario B assumes that the facility operates without a professional sports tenant. The primary vehicle for this analysis was primary market research conducted in terms of individual interviews of existing, historical, and potential Kingdome event promoters. In addition, research and analyses were conducted with respect to comparable domed stadium facilities and their related operations, the results of which are presented within this chapter and the subsequent chapter summarizing the results of the financial analysis of potential Kingdome operations.

This market analysis of the Kingdome under two operating scenarios has been divided into the following four sections:

- Market research methodology
- Survey results and projected event mix
- Comparison to previous studies
- Comparable facilities

Market Research Methodology

Previous studies concerning the Kingdome including the analysis provided by Kingdome staff and the study performed by the Seahawks' Stadium and Exhibition Center Task Force, offer a wide range of projections related to potential events under different tenant and operating scenarios of the Kingdome. The approaches and methodologies involved with these studies were also varied. Based on our scope of services, a specific set of assumptions, and primary market research, this analysis is intended to identify those events possessing substantial evidence to support their inclusion in an event projection for the Kingdome under two different tenant scenarios. It is possible that additional events will occur in addition to those identified through this analysis. However, given the purpose of this analysis, the specific criteria established for considering individual events (see Chapter I), and the uncertainty surrounding future event projections, potential events lacking in sufficient evidence as to their future prospect in the Kingdome under Scenarios A or B were not considered.

The results of this market analysis were then applied to the availability scenarios to determine whether the dual event constraint might impact Kingdome utilization.

A variety of potential events were tested as a part of this analysis with a list generated from the following types of events:

1. Existing Kingdome events occurring during the past three years;
2. Additional potential events that have utilized the Kingdome in the past;
3. List of potential events prepared by the Greater Seattle Sports and Events Council;
4. Primary national and regional event promoters, derived through industry periodicals;
5. Events that have expressed interest to Kingdome management; and
6. Significant events in comparable facilities that are not unique to a given market and could potentially utilize the Kingdome.

A list of local, regional, and national event promoters was generated and each were contacted and asked specific questions including, but not limited to, the type and number of events they currently or have historically promoted at the Kingdome and in the Seattle area, interest in hosting events at the Kingdome under specific operating assumptions, how often they might foresee utilizing the facility, average attendance, and average ticket prices. In addition, other information was obtained relative to opinions regarding overall facility characteristics, the value of the Pavilion or other exhibition space, the importance of specific capital improvements, and other such data.

Using the information obtained through the promoter surveys as well as CSL's knowledge of potential event markets and industry experience, estimates were developed of the approximate number of events that possessed sufficient evidence to warrant their inclusion as a projected event under Scenarios A or B. Under this engagement, the criteria for projecting events was more strict than in the other two studies as previously discussed.

The market analysis was then evaluated to determine whether the availability of the Kingdome because of the potential for simultaneous or overlapping major events (combined event day attendance with the new Mariners stadium of 65,000 or more) was a factor. Events of less than 20,000 were assumed to be scheduled under all circumstances.

Survey Results and Projected Event Mix

Based on the survey of historical and potential Kingdome users along with the aforementioned criteria for consideration as a projected Kingdome event, the number and type of events under Scenarios A and B were estimated. Information was obtained from each interviewee with respect to the anticipated number of event days for potential events at the Kingdome. From this information, of those potential events meeting the established criteria, the total number of event days and event types were calculated under both scenarios.

The results of the promoter/user survey indicated an annual market potential for 146 event days under Scenario A (with football) and 139 event days under Scenario B (without football). These findings represent a significantly lower level of event utilization than the assumptions presented in the Kingdome staff study. Exhibit III-1 illustrates the differences by type of event.

Exhibit III-1 Comparison Summary of Differences Between CSL Analysis and Kingdome Staff Analysis In Terms of Projected Event Day Utilization				
	<u>CSL</u> <u>Analysis</u>	<u>Kingdome</u> <u>Staff (KS)</u> <u>Analysis</u>	<u>Difference</u>	<u>Comment</u>
<i>Scenario A (with Seahawks)</i>				
Seahawks	10	10	0	Base assumption
Concerts	0.5	1	(0.5)	CSL utilized Kingdome historical average
Consumer Shows	42	61	(19)	Insufficient evidence for greater than 42 event days
Thrill Shows	2	3	(1)	Insufficient evidence for greater than 2 event days
Amateur Sports	8.5	9	(0.5)	Fraction event represents rotating event
Miscellaneous Events	3	11	(8)	Insufficient evidence for greater than 3 event days
Non-arena Events	80	95	(15)	CSL utilized Kingdome historical average
Total	<u>146</u>	<u>190</u>	<u>(44)</u>	
<i>Scenario B (without Seahawks)</i>				
Seahawks	0	0	0	Base assumption
Concerts	0.5	1	(0.5)	CSL utilized Kingdome historical average
Consumer Shows	45	61	(16)	Insufficient evidence for greater than 45 event days
Thrill Shows	2	3	(1)	Insufficient evidence for greater than 2 event days
Amateur Sports	8.5	9	(0.5)	Fraction event represents rotating event
Miscellaneous Events	3	11	(8)	Insufficient evidence for greater than 3 event days
Non-arena Events	80	95	(15)	CSL utilized Kingdome historical average
Total	<u>139</u>	<u>180</u>	<u>(41)</u>	
Source: CSL International research, 1997.				

The results of the promoter/user survey are categorized by the reasons indicated for likely holding or not holding events in the Kingdome under the two scenarios. Specifically, the results are broken into positive and negative responses. Only those interviewees with responses categorized as "positive" are considered to be likely events. The results of the survey are summarized in Exhibit III-2.

Exhibit III-2 Results of the Survey of Historical and Potential Kingdome users	
<i>Percent Indicating</i>	<i>Positive Responses</i>
30%	Potential event in the Kingdome with NFL (Scenario A)
32%	Potential event in the Kingdome with no pro sports tenants (Scenario B)
	<i>Negative Responses, Conflict Due to:</i>
6%	Need more than five days to hold show during NFL season
0%	Time conflict with NFL playoffs
32%	Kingdome too large or expensive for event
30%	Inadequate amenities - current or planned
2%	Long-term contract with other facility
20%	Other reasons
Note: Amounts exceed 100% as figures represent multiple responses. Source: CSL International research, 1997.	

The figures shown in the exhibit reflect the percentage of positive and negative responses we received from the promoter/user interviews and are intended to illustrate the range and frequency of specific reasons why the Kingdome would not work for a particular event.

The positive responses were from promoters and users who desired to hold their event(s) in the Kingdome under the criteria previously mentioned in Chapter I. The difference between the 30 percent positive response associated with Scenario A and the 32 percent positive response associated with Scenario B reflects one event representing three event days that could be held during the NFL season.

A majority of the respondents could not use the Kingdome for a variety of reasons. Specifically, a large percentage of the individuals interviewed as a part of the promoter/user survey indicated that the Kingdome was simply too large or too expensive for their particular events. A number of these responses were received in the effort to contact a large sample of regional and national promoters in the attempt to identify potential events for the Kingdome. These potential users were interviewed in addition to existing Kingdome promoters/users.

The second portion of Exhibit III-2 provides a summary of the reasons why the Kingdome was not suitable for the events represented by survey respondents indicating a negative response.. The total percentage presented in the exhibit exceeds 100 percent because several shows had multiple reasons why the Kingdome does not work and we reflected these multiple responses in the exhibit.

As shown in the exhibit, only two percent of the interviewees (one interviewee) indicated that the NFL season (under Scenario A) would prevent a potential event from being held in the Kingdome, assuming that event dates between NFL games were available. Additionally, 70 and 68 percent of all interviewees could not utilize the Kingdome for one or more reasons under Scenario A and B, respectively.

Comparison to Previous Studies

As indicated in Exhibit III-1, the number and types of events vary among Kingdome studies. These estimates are lower than both the Kingdome staff analysis and the Task Force analysis.

Based on the findings related to this analysis, the availability concern with respect to concurrent Kingdome events with the Mariners stadium (as discussed in Chapter I) did not factor into the projected events under either Scenario A or B. More specifically, no events were identified through the market research with average per day attendance levels of greater than 20,000 that would cause a potential conflict under a no concurrent event situation (worst case scenario).

The primary reason for the differences in projected events among studies surrounds the fact that the criteria utilized to identify projected events in this analysis were more strict than in the other studies.

The differences among studies relating to event days within event categories are as follows:

Concerts

The Kingdome staff study assumes one new concert event day while this analysis assumes 0.5 annual concert event days which is based on historical Kingdome concert activity.

Consumer Shows

The Kingdome staff analysis assumes that three new consumer shows (two of which are considered "large") comprising 23 new event days would be attracted over 1997 budget levels to bring the projected consumer show event day total to 61 under both scenarios. This compares with the projections developed under this analysis of 42 under Scenario A and 45 under Scenario B. The results of our research, specifically the promoter/user interviews, indicated evidence to support the addition of one new consumer show over existing Kingdome levels under Scenario A and two new consumer shows under Scenario B.

Thrill Shows and Amateur Sports

In both studies, the number of event days related to thrill shows and amateur sports is consistent.

Miscellaneous Events

The Kingdome staff analysis assumes that under their enhanced event scenarios that two new miscellaneous events will be attracted comprising three additional event days bringing their total miscellaneous event projection to 11 event days. This analysis reflects an actual reduction to three event days for miscellaneous events versus the 1997 budget level of six event days due to insufficient evidence that a particular current event would continue in the future.

Non-arena Events

In addition, the number of smaller events (non-arena events) under the Kingdome findings is projected to consist of 95 event days. As these events consist of a wide variety of small and miscellaneous events including, but not limited to, meetings, banquets, luncheons, and parking lot events, it was not possible to develop a projection for these types of events based on promoter/user interviews. Therefore, the projected number assumed under our analysis (80 event days) reflects a historical Kingdome average.

The event day projection developed in the Task Force analysis was 145 event days. As previously noted, this number only represents the total number of projected arena events and does not include any non-arena events such as meetings, banquets, and parking lot events. Further, the 145 event day figure includes move-in/move-out days as well as event days (as defined throughout this text). As with the Kingdome staff analysis, the Task Force study assumed that the facility could host events concurrently with Mariners Stadium events. Based on discussions with Task Force members, the 145 event day figure represents 40 additional event

days (including move-in/move-out in this case) over the assumed 105 base events (based off of 1996 Kingdome event data).

Comparable Facilities

As a component of this engagement, information was obtained and analyzed from comparable domed facilities with regard to event levels and mix. In addition, detailed operating information was also obtained from these facilities and analyzed with the results presented in the subsequent chapter. The analysis of comparable facility events revealed a wide range in the number and types of events utilizing comparable domed facilities in other markets. Exhibit III-3 presents a summary of event levels at comparable facilities excluding events held by professional sports tenants. As shown in the exhibit, the level of events varied from a low of 18 at Tropicana Field in St. Petersburg to a high of 164 at the SkyDome in Toronto.

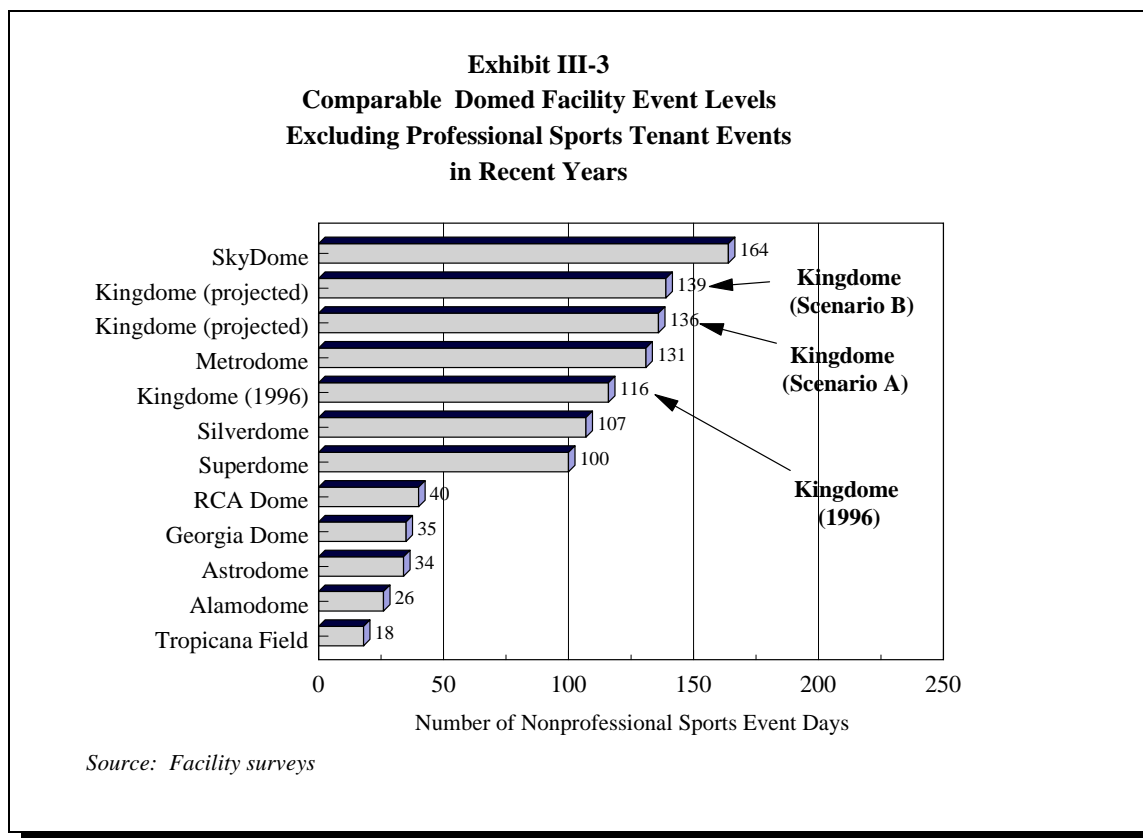


Exhibit III-4 provides a more detailed summary of the event mix at comparable domed facilities.

Link to:

[Exhibit III-4](#)

Summary of Comparable Facility Utilization in Recent Years
(Measured in Event Days)

As illustrated in the exhibit, even with the removal of all professional sporting events held at the facilities for illustrative purposes, the number and types of events varies widely among facilities.

Some of the differences in event utilization between comparable facilities include, but were not limited to the following: other competitive venues in the local marketplace, collegiate sports tenants, facility management, marketing philosophy especially with respect to booking smaller events, age of facility, market size (population), configuration flexibility of the venue, among many others. For instance, venues such as SkyDome and the Silverdome host a large relative number of other events, which can be comprised of events of various sizes ranging from small corporate meetings to large miscellaneous events such as religious gatherings. In addition, several of the facilities represented are components of larger entertainment and event complexes such as the Astrodome, SkyDome, and Superdome. Stadiums existing in these types of situations can often be impacted synergistically with events held in other parts of the complex. Therefore, caution is suggested when interpreting event level comparisons among facilities.

Notwithstanding the limitations of the information provided above, the Kingdome's number of events compares favorably to the other comparable facilities analyzed.

Summary

Based on the criteria established to identify projected Kingdome events during this analysis, projections related to event levels were estimated for the Kingdome under two tenant scenarios. Findings indicate that under Scenario A (with the Seahawks as a tenant), the projected number of event days totals 146. Under Scenario B, the projected number of event days totals 139. The difference between these two scenarios is the loss of the 10 event days related to the Seahawks plus the addition of three event days under Scenario B.

The findings related to this analysis contrasted with results of the Kingdome staff analysis and the Task Force analysis. Relative to the Kingdome staff analysis, the primary differences were largely attributed to the fact that the criteria used to identify projected events in this analysis were more strict than in the other studies.

In addition, the Task Force event projections are not directly comparable due to a difference in classifying event days. Under the Task Force analysis, the 145 event days assumed under their "aggressive case" actually represents only arena events and includes move-in/move-out days. The numbers reflect 40 additional event days (including move-in/move-out days) over the historical base.

Based on our experience and the research conducted during this engagement, facilities such as the Kingdome that were originally designed to house professional sports tenants are challenged to compete for the procurement of other nonprofessional sports events. The Kingdome's attractiveness clearly exists for certain events such as large consumer shows as other venues

providing comparable levels of contiguous, column-free exhibit/floor space are limited. However, for the majority of other events including smaller consumer shows, conventions, family shows, concerts, and other such events, smaller or more event-specific venues other than professional sports stadiums like the Kingdome tend to be utilized to a greater degree.